

Agenda Item 2d

Consideration of Year 7 (2002-03) Performance Funding Issues: Status of Indicator 9B, Amount of Public and Private Sector Grants, in Year 7

Explanation: Indicator 9B, Amount of Public and Private Sector Grants, applies only to the research institutions. The measure has been calculated using restricted research expenditures taken from IPEDS Finance Survey institutional data to determine the percentage of the most recent-ended fiscal year's restricted research expenditures as compared to the average of restricted research expenditures from the past three years. The score is then determined by comparing the percentage to the standard for an "achieves" that was approved for each institution based on the individual institution's peer data. For the past three years each research institution has scored as "exceeds" on this indicator. The status of 9B as a performance indicator this year is under consideration as a result of federal changes in required financial reporting that impact the data used to calculate this indicator.

In discussions with the research institutions, several options were considered. These options were initially linked to the options for indicator 5A, which is affected by the same federal financial reporting changes. At the September 20th CAPA meeting, the representatives and CHE staff determined that 9B would be considered separately from 5A, since the uniqueness of this indicator to the three research institutions makes this possible.

Several factors were considered in discussions on this indicator:

- The research institutions' scores on this measure have been consistently high
- The research sector's performance on this measure has been well above that of their national peer institutions
- This measure directly reflects the mission of the research institutions
- The research institutions would lose two indicators this year due to changes in federal accounting requirements if this measure were deferred.

Due to the above, staff and institutional representatives agree that indicator 9B should be included rather than deferred for Performance Year 7, and that it should be measured this year only by taking the average of the institutional scores for the preceding three years (PF Years 4, 5, and 6) and using that average as the institution's score for Year 7. A measure incorporating the new federal accounting methods for scoring will be determined for Year 8 and beyond.

Recommendation: Staff recommends that the Planning and Assessment Committee recommend for approval of the Commission that the research institutions shall be scored on indicator 9B in Performance Year 7 and the score will consist of the average of the preceding three-year's scores on indicator 9B.